

The President's Daily Brief

18 February 1969

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~~Top Secret~~ 50X1

19 February 1969

LATE NOTES FOR THE PRESIDENT'S DAILY BRIEF OF
18 FEBRUARY 1969

I. MAJOR PROBLEMS

MIDDLE EAST

Three of the Arab guerrilla organizations, including Al Fatah, announced today formation of a joint military command. Notable for its absence from the combine, however, was the Popular Front for the Liberation of Palestine (PFLP) which quickly accepted responsibility for yesterday's attack on an El Al airliner in Zurich as well as the hijacking of an El Al plane last summer and the attack on an El Al craft in Athens in December. The PFLP reportedly stayed out because it did not want to give up independent political action. The announcement of the joint "armed struggle command" came after a two-day meeting of the Palestine Liberation Organization in Amman and "left the door open" for other organizations such as the PFLP to share in it. [redacted]

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EUROPE

There is nothing significant to report.

SOVIET AFFAIRS

The East Germans continued their harassment of Berlin traffic today but apparently switched their attention from the Babelsberg checkpoint at the Berlin end of the autobahn to the Marienborn checkpoint opposite the West German control stop at Helmstedt. The delay this time lasted only two hours (midnight to 2:00 AM) but backed up traffic, mainly trucks,

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for more than two miles. Border officials said the delay was to check identification papers. Yesterday traffic passed through this checkpoint normally. [redacted]

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VIETNAM

There is nothing significant to report.

II. OTHER IMPORTANT DEVELOPMENTS

PAKISTAN

The meeting between Ayub and his opposition leaders, scheduled to begin today, has been postponed. The leader of the coalition group known as the Democratic Action Committee (DAC) said this decision was reached after a conference with his colleagues. They decided the opposition needed more time to confer among themselves and were planning another meeting for later today. Their action was largely based on the decision of the leader of the Awami League, largest and most important component of the DAC, not to attend unless the conspiracy case against him is withdrawn; Ayub had agreed to parole him to attend the talks but has not yet agreed to withdraw the case, and the prospects for holding a conference unless he does are bleak. Five other major leaders who do not belong to the DAC joined ex-foreign minister Bhutto in declining to attend the session. [redacted]

Press, 19 Feb 69)

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USSR-GHANA

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I. MAJOR PROBLEMS

MIDDLE EAST

An Israeli response to the latest attack on its airline should be expected after the identity and place of origin of the attackers is established.

EUROPE

Demonstrating once again their disdain for the franc, Frenchmen pushed the Paris price of the 1-kilo ingot to a record \$46.32 (per-ounce, dollar equivalent) on 17 February, a rise of \$0.91 over the previous day's price. The rise in the Paris gold price was not matched outside France (the London price rose only \$0.15 to \$42.65). The fundamental reason for the sharp increase in the Paris price is the continuing weakness of the French franc. Frenchmen continue to flee from francs to goods, real property, and gold--access to other currencies having been made costly by the French exchange controls currently in force. The Paris gold price is one of the important barometers of the franc's health, and its erratic upward jump yesterday could be the first unsettling sign of renewed, serious troubles for the franc.

SOVIET AFFAIRS

Berlin traffic today returned to a more or less normal pace by early afternoon, after delays which lasted from midnight to noon. During that time, only ten trucks an hour were cleared through the checkpoints.

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compared to a normal rate of 40-50. Private cars and buses were held up leaving Berlin, but incoming vehicles were processed without delay. The US mission in Berlin comments that the delays appear deliberate. The East Germans have not given the heavy snow of last weekend as the reason for the slow-up; on other occasions recently they have been careful to pass the word if they anticipated an unavoidable delay.

VIETNAM

North Vietnamese infiltration activity has picked up markedly in the past few days.

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If the current rate is sustained this month's total will far exceed that of February 1968.

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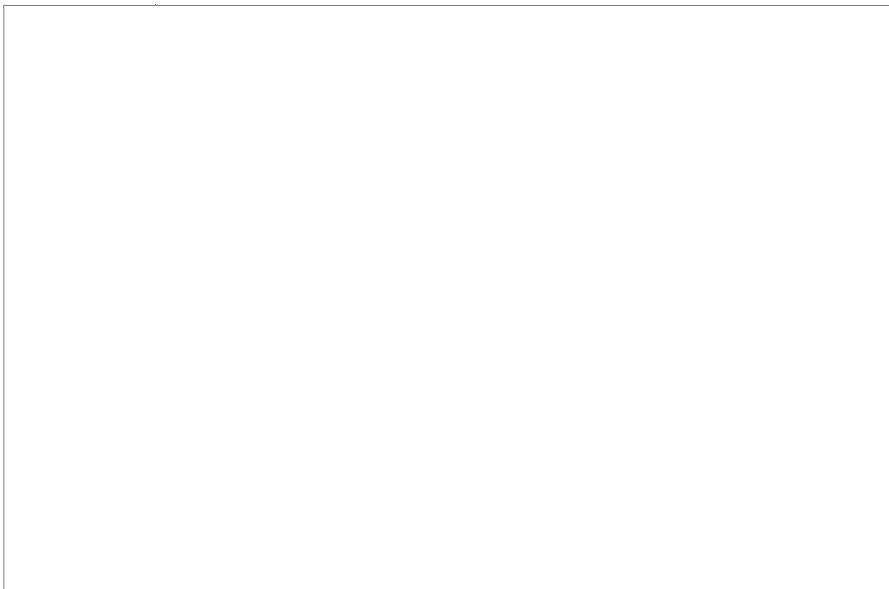
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An examination of military indicators throughout South Vietnam points toward a significant rise in enemy activity in the near future. Unlike the Tet period last year, however, there is no consistent pattern running throughout the country.

The most significant enemy threat exists in III Corps, where at least four and possibly five Communist divisions are now deployed, mainly to the north and northwest of Saigon. At the moment they pose a greater threat to outlying bases than to the capital itself. To the east of Saigon, regimental subordinates of the Viet Cong

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have been concentrating for early attacks on the

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Bien Hoa - Long Binh sector.

In I Corps provinces, the danger of major enemy action is less immediate than at this time last year. There

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IP* has, however, been some recent movement of enemy combat forces toward coastal urban centers such as Da Nang and Hue.

There has been some reshuffling of Communist forces in the central provinces, but the failure of major combat units to move toward likely targets suggests the enemy probably will not mount a major offensive in the immediate future. [redacted] prisoners, however, have alluded to plans for increased action by local force units in the coastal areas of II Corps.

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In the delta provinces, Communist forces totaling some 32 battalions are nearing combat readiness. Some provincial capitals of IV Corps, including Can Tho and My Tho, as well as nearby allied military installations and airfields, are currently threatened by main force Viet Cong units.

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II. OTHER IMPORTANT DEVELOPMENTS

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PAKISTAN

Talks between Ayub and opposition leaders will finally get under way tomorrow. In addition to members of the moderate coalition of opposition parties, Ayub at the last minute invited such figures as ex-foreign minister Bhutto, an erratic but popular leftist only recently released from prison, and the widely respected former air force chief, Asghar Khan. Bhutto later today rejected the invitation.

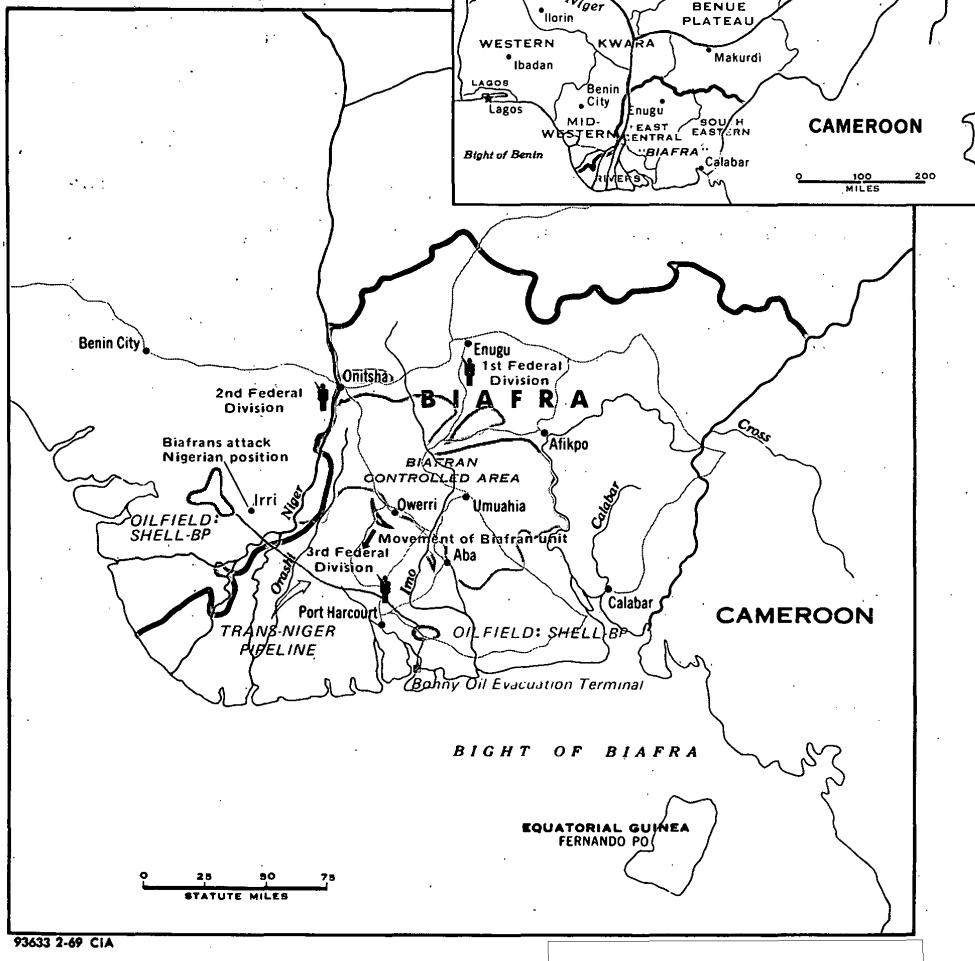
We doubt that the negotiations will accomplish much, but Ayub may be forthcoming enough on possible constitutional changes to split the opposition. [redacted]

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NIGERIA: Current Situation



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ITALY

The Annex discusses internal pressures on the Italian Government.

NIGERIA

Fighting is a little heavier. Biafran elements are threatening important oil installations in the south, including the pipeline that Shell - British Petroleum has been using to take out about half of the 300,000 barrels it produces daily. The Biafrans so far have not sabotaged the pipeline. They may intend to capture it intact.

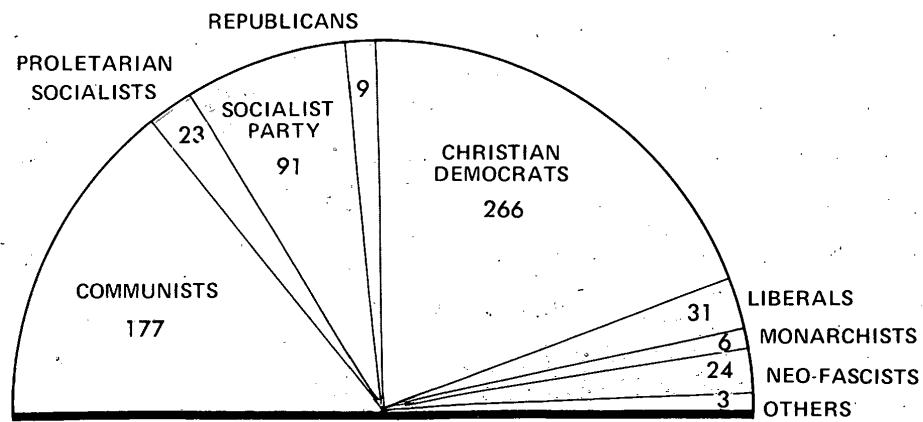
Elsewhere in the south, Biafran units have moved 20 miles below Owerri on the main road to Port Harcourt. The Biafrans seem to lack the firepower, however, for a serious attempt to take the town.

In the north, the federal forces seem to have the initiative. They have cut off a secessionist brigade northeast of Onitsha. Nigerian forces have also attacked south and southeast of Onitsha, but have met heavy Biafran resistance after advancing a few miles.

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ITALY'S CHAMBER OF DEPUTIES

Elections of 19-20 May 1968



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INTERNAL PRESSURES ON THE ITALIAN GOVERNMENT

The two-month-old government of Premier Mariano Rumor, like its most recent predecessors, is a vulnerable coalition. In addition to the competition between its major components, the Christian Democratic and Socialist parties, it is also subject to strains brought on by internal differences in these parties. From inside and outside the government come pressures for economic and social reforms, reinforced by growing popular expectation of a steadily rising standard of living. Most of the reforms will be accomplished slowly at best because of political rivalries and a cumbersome bureaucracy. The Italian Communist Party, which has wide electoral appeal and hopes some day to achieve participation in the government via the ballot box, is a constant critic of the failure to move faster. In addition, agitation and violent criticism of the government come from the extremist fringe of political and student circles.

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The Coalition Parties

The installation of the Rumor government on 13 December 1968 ended a public estrangement of the Christian Democratic and Socialist parties which began with the parliamentary elections of May 1968. Losses by the Socialists in that election led them to withdraw from the governing center-left coalition pending determination of the party's future strategy.

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The restoration of the center-left was thus a major achievement, but factional rivalries in the two parties undermine any assurance which Premier Rumor would otherwise have of remaining for a specific term in office. Each of the two principal parties is badly splintered, in part by differences over program but more by ideological bias and by personal rivalries. Christian Democrats, for instance, differ little among themselves in their attitudes toward proposed reforms, but are divided over possible cooperation with Communists. The major divisions, however, are caused by competition for important party and government posts. One of the plums now most hungrily sought after by Christian Democrats is President Saragat's job. His term runs out in 1971.

The Socialist Party is similarly splintered. Its leadership, for instance, was able to muster the support of a bare 53 percent of the delegates to the party's recent congress. Only the third member of the coalition, the very small Republican party, is united.

Reforms

The long overdue reforms are many and varied. Among the most important are those touching labor, education, tax structure, the economic disparity between northern and southern Italy, and the administration of justice.

The beginning of the year has been marked by a series of strikes affecting almost every part of the country and every segment of the economy. Labor's most important objectives were an increase in pensions and reform of the social

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security system, matters on which the three major labor confederations and the government reached agreement in mid-February. Other labor demands are expected to be heavy this year. Some 59 union contracts covering 5 million workers expire in 1969; there were 34 covering only 1.5 million in 1968.

Demands for reform of university and secondary school education are increasingly vociferous and have led to student demonstrations throughout the country. The increase in the student population at the university level during one year recently ran to a record 20 percent. Teaching staff and facilities, on the other hand, have expanded only slightly, and the curriculum has remained inflexible. Reform in this field now seems to have top priority.

Taxes in Italy are numerous, complicated, and overlapping. It has been estimated facetiously that if all taxes due annually were collected, the total revenue would amount to 110 percent of Italy's gross national product. Considerable preliminary legislative work on tax reform has already been done, but the opponents of reform are strong and the prospect of any early action is remote.

Many Italians have long considered the sharp disparity in living standards between the prosperous northern and the poor southern parts of the country a national scandal. The government has already made the decision to step up investments in the South by state controlled enterprises and has passed special incentive legislation to stimulate private investment in the area. While these actions may show some small immediate gain, complete elimination of the income gap remains far in the future.

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The administration of Italian justice is arbitrary, slow, and expensive. At the formal opening of the court year in January, lawyers and judges who are critical of the system demonstrated outside Rome's Palace of Justice while President Saragat presided inside. Proposed reforms are designed to get rid of time-consuming trivia, bolster the rights of the defendant, and replace penal laws which were adopted under Mussolini.

Economic conditions are good now and will probably improve this year given the expansionary effects of increased spending for reforms. The elaboration of bureaucratic procedures and the intricacy of the parliamentary process are obstacles to progress, however. For example, it is estimated to take 500 days on the average from appropriation to expenditure. The government hopes to bypass these procedures by transferring responsibility for certain investment projects to autonomous agencies and state controlled enterprises. In the longer run, however, reform of the budgetary process is also necessary.

Communist and Extremist Pressures

The Italian Communist Party, which polled 26.9 percent of the electorate in the national elections last May, hopes to achieve power through parliamentary means. It points to the shortcomings of the center-left and stresses that it is not subservient to Moscow. To prove this point, the Italian Communists at their recent congress expressed support for Czechoslovak sovereignty despite Soviet threats to cut Moscow's

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subsidy of the party by some \$1.5 million unless the Czech issue was played down. The increasing acceptance of the Italian Communists as a quasi-democratic political party which might someday enter the government gives added force to Communist criticism of inertia on reforms.

The extremist fringe includes the very small Chinese-financed Marxist-Leninist parties as well as much of the dissident Proletarian Socialist party. The latter polled almost five percent in the last elections. Both these political groups have fomented agitation among a small minority of students.

Near-term Prospects

The prospect for Italy is uncertain politically but bright economically. The tensions within and between the coalition parties are such that the government always faces some risk of parliamentary ouster. In addition, the leaders of the Christian Democrats are likely to spend much of the next several months in political maneuver preparatory to the Christian Democratic congress in June. The parliamentary program is likely to suffer from this activity and from similar Socialist preoccupations; the coalition will thus be additionally vulnerable to attack. On the economic side, on the other hand, the rate of growth is expected to continue high for the next year or so, barring any radical change in government, and consumption by those on the lower economic levels is likely to expand.

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